Negative: Steel Tariffs - good

By “Coach Vance” Trefethen

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Negative: Steel Tariffs - good

HARMS / SIGNIFICANCE RESPONSES

1. Insignificant harmful impacts

Steel tariffs had 1% impact on higher prices and 1.9% increase in US steel production

Erin Bell 2023. (writer for ClearIT customs broker) 17 Mar 2023 "US IMPORTERS BORE NEARLY THE FULL COST OF SECTION 232 AND 301 TARIFFS: REPORT" (accessed 30 Mar 2023) https://clearitusa.com/us-importers-bore-nearly-full-cost-section-232-301-tariffs-report/

From 2018 to 2021, US importers bore nearly the full cost of the [Section 232](https://clearitusa.com/cbp-updates-section-232-guidelines-aluminum-steel-importers/) tariffs on imports of aluminum and steel products, and the [Section 301](https://clearitusa.com/what-is-section-301/) tariffs on thousands of products imported  from China, according to a new report released by the U.S. International Trade Commission (USITC). The report, titled [Economic Impact of Section 232 and 301 Tariffs on U.S. Industries](https://www.usitc.gov/sites/default/files/publications/332/pub5405.pdf), found that on average between 2018 and 2021:
- Importers bore nearly the full cost of the tariffs because import prices increased at the same rate as the tariffs at a rate of about 1%.
- Section 232 tariffs reduced affected steel imports by 24%, increased the price of steel products in the US by 2.4%, and increased US steel production by 1.9% and $1.3 billion.

2. Long term economic gains

Steel tariffs are bringing investments that will deliver lots of new jobs

Jeff Ferry 2019 ( Coalition for a Prosperous America, Chief Economist) 8 Nov 2019 "Steel Tariffs are driving US economic growth" (accessed 30 Mar 2023) https://prosperousamerica.org/steel-tariffs-are-driving-us-economic-growth/

The steel tariffs are working. They are delivering prosperity to the steel industry, which is in turn benefiting the local communities where steelworks are located. According to industry sources, some $13 billion worth of major steel investment projects are now underway. Most of them are in small towns or semi-rural communities in Middle America, exactly the sort of places that became depressed after years of deindustrialization. The steel tariff, enacted by the Trump administration in March 2018, put a 25 percent tariff on imported steel, with exceptions for some countries.

Steel tariffs are net beneficial to the US economy because they produce high paying jobs

Jeff Ferry 2019 ( Coalition for a Prosperous America, Chief Economist) 8 Nov 2019 "Steel Tariffs are driving US economic growth" (accessed 30 Mar 2023) https://prosperousamerica.org/steel-tariffs-are-driving-us-economic-growth/

The steel tariffs are criticized regularly by Wall Street professionals, mainstream economists, and their followers in the media. Many of these commentators invoke economic theory. Yet their understanding of economic theory is superficial and often wrong. The economic theory of free trade says that nations are most efficient if they focus on industries where they have a comparative advantage.  But that theory rests on the assumption of equilibrium, that a nation’s resources are deployed at their maximum productivity.  The fact that the steel industry pays double what other industries pay illustrates that by growing the steel industry, the US can increase worker productivity, total annual production (GDP), while at the same time increasing average income per worker, and returns to shareholders (since the steel industry, with stable prices, is a strongly profitable industry).

3. Tariffs improve the competitive position of the US steel industry

Tariffs are responsible for technological improvements in the US steel industry, making it world class and state of the art

Jeff Ferry 2019 ( Coalition for a Prosperous America, Chief Economist) 8 Nov 2019 "Steel Tariffs are driving US economic growth" (accessed 30 Mar 2023) https://prosperousamerica.org/steel-tariffs-are-driving-us-economic-growth/

US Steel recently bought a large stake in Big River Steel, which uses the modern mini-mill technique of steelmaking. US Steel has a large debt load and the stability created by the tariffs plays an important role in enabling US Steel to make the transition from traditional blast furnace steelmaking to modern mini-mills. The tariffs are speeding along the transition of the US steelmaking industry into a world-class, state-of-the-art industry.  As Table 1 above shows, the mini-mill steelmakers (Nucor and Steel Dynamics) pay higher wages than the traditional steelmakers, so the technological improvements benefit the workers as well as management, shareholders, and customers.

DISADVANTAGES

1. Abandoning GASSA

**Status Quo policy has dropped steel tariffs with Europe and maintained them on China, and there's a very good reason for this policy and why we should maintain it. It's called "GASSA."**

Link: Global Arrangement on Sustainable Steel & Aluminum, a US/EU steel trade policy to reduce greenhouse gas emissions

Prof. Timothy Meyer and Todd Tucker 2023. (Meyer - prof. of law, Duke Univ. Law School. Tucker - director of industrial policy & trade at the Roosevelt Institute) 15 Mar 2023 "How the US and EU Can Rewrite Trade Rules to Fight the Climate Crisis" (accessed 29 Mar 2023) https://rooseveltinstitute.org/2023/03/15/how-the-us-and-eu-can-rewrite-trade-rules-to-fight-the-climate-crisis/

On last week’s visit to the United States, European Commission President Ursula von der Leyen [reaffirmed a joint commitment](https://www.whitehouse.gov/briefing-room/statements-releases/2023/03/10/joint-statement-by-president-biden-and-president-von-der-leyen-2/) with President Joe Biden to put [the Global Arrangement on Sustainable Steel and Aluminum](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_5724) (GASSA) at the center of Trans-Atlantic climate and trade cooperation. Announced initially in October 2021, this historic deal envisions a group of like-minded states that will agree on a set of measures to curtail market access for carbon-intensive steel and aluminum—together, these two metals account for just over 10 percent of the global GHG emitted in 2021—and fight market-distorting practices in the metals sector. As an initial show of good faith, the United States suspended the section 232 national security tariffs that President Trump had imposed on EU steel and aluminum to help address the market-depressing effects of subsidized Chinese overcapacity that had long been unchecked. Meanwhile, the EU suspended its retaliatory tariffs on US products as well as its WTO dispute over the tariffs. Furthermore, the allies agreed to establish a technical working group to discuss a methodology for measuring the carbon embedded in traded steel and aluminum.

Link: Chinese steel production is far more carbon-intensive than US and EU steel and we should oppose it

[**Elisabeth Braw**](https://foreignpolicy.com/author/elisabeth-braw/) 2020 (columnist at *Foreign Policy* and a fellow at the American Enterprise Institute) 19 May 2020 "Don’t Let China Steal Your Steel Industry" (accessed 30 Mar 2023) https://foreignpolicy.com/2020/05/19/dont-let-china-steal-your-steel-industry/

Chinese steel production is [twice as carbon dioxide-intensive](https://www.foreignaffairs.com/articles/united-states/2020-04-13/strategic-case-us-climate-leadership) as that of the United States, while the even more ambitious EU is planning a [net-zero-carbon economy](https://www.theguardian.com/world/2020/mar/09/what-is-the-european-green-deal-and-will-it-really-cost-1tn) by 2050. The United States and the EU could block steel from highly polluting plants and provide research and development grants for domestic companies trying to make their steel greener still. That’s not supporting uncompetitive companies; that’s supporting companies playing by the rules.

Link: US and EU should use GASSA to maintain tariffs on Chinese steel to oppose their subsidies and overcapacity

Prof. Timothy Meyer and Todd Tucker 2023. (Meyer - prof. of law, Duke Univ. Law School. Tucker - director of industrial policy & trade at the Roosevelt Institute) 15 Mar 2023 "How the US and EU Can Rewrite Trade Rules to Fight the Climate Crisis" <https://rooseveltinstitute.org/2023/03/15/how-the-us-and-eu-can-rewrite-trade-rules-to-fight-the-climate-crisis/> (accessed 30 Mar 2023) (brackets added)

The EU and the United States have many more interests in common than they have apart. To showcase this, they should pursue an all-of-the-above strategy with CBAMs [carbon border adjustment mechanism] and a high-ambition GASSA that would apply a floor to tariffs that we might otherwise fluctuate under CBAM due to the way in which CBAM duties are linked to ETS [emissions trading system] prices.  As we have [argued](https://www.cambridge.org/core/journals/world-trade-review/article/pragmatic-approach-to-carbon-border-measures/B0D224B3A59E9433D10E74DE6D40A0FD) elsewhere, WTO rules can and should be interpreted in a way that is favorable to this agenda. But if WTO tribunals do not go along, the United States and Europe can do what they’ve done many times before: rewrite the rules of the global order to make it more just and stable. In short, the international trading system failed to meet the challenge posed by the China shock generally and Chinese subsidization of overcapacity specifically. If it is to remain relevant, that system cannot stand in the way of solutions to the most pressing challenge of our time.

Impact: Benefits (like public health, global peace and security) of GASSA outweigh any trade impacts

Prof. Timothy Meyer and Todd Tucker 2023. (Meyer - prof. of law, Duke Univ. Law School. Tucker - director of industrial policy & trade at the Roosevelt Institute) 15 Mar 2023 "How the US and EU Can Rewrite Trade Rules to Fight the Climate Crisis" <https://rooseveltinstitute.org/2023/03/15/how-the-us-and-eu-can-rewrite-trade-rules-to-fight-the-climate-crisis/> (accessed 30 Mar 2023) (brackets added)

[Properly understood](https://www.cambridge.org/core/journals/world-trade-review/article/pragmatic-approach-to-carbon-border-measures/B0D224B3A59E9433D10E74DE6D40A0FD), these exceptions should legitimate both GASSA and CBAM. There is no doubt the climate crisis is the biggest environmental, public health, and national security crisis of our time. The WTO director general has made a [call](https://www.wto.org/english/news_e/news22_e/publ_08nov22_e.htm) for greater compatibility between the trade and climate regimes. WTO tribunals have already [found](https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds2_e.htm) that measures to protect the atmosphere can be covered by the environmental exception and have [upheld](https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds58_e.htm) restrictions on market access when those restrictions are tied to domestic environmental measures. Even WTO panels that have [ruled](https://www.wto.org/english/news_e/news22_e/544_552_556_564r_e.htm) against US national security tariffs on the grounds that there is an insufficient basis for finding “an emergency in international relations,” as required by that exception, would likely not be able to find the same flaws with measures designed to address the climate crisis. After all, 194 countries are party to the Paris Agreement on Climate Change and hardly a week goes by without new scientific findings on the urgent need for climate action if we are to stave off the worst effects of climate change. Perhaps more to the point, the war in Ukraine and European efforts to wean themselves off of Russian fossil fuels has made clear that decarbonization is fundamentally linked to global peace and security.

2. National security and US hegemony at risk

Link: China is trying to take over the stainless steel market

[**Elisabeth Braw**](https://foreignpolicy.com/author/elisabeth-braw/) 2020 (columnist at *Foreign Policy* and a fellow at the American Enterprise Institute) 19 May 2020 "Don’t Let China Steal Your Steel Industry" (accessed 30 Mar 2023) https://foreignpolicy.com/2020/05/19/dont-let-china-steal-your-steel-industry/

Those who think stainless steel is a fringe sector should think again. The unglamorous metal is vital to everything from cutlery to aircraft, tankers, and surgical instruments. China’s sneaking takeover of the global stainless-steel market will put other sectors at risk, too.

Link: Stainless steel is critical to production of weapons and ships

[**Elisabeth Braw**](https://foreignpolicy.com/author/elisabeth-braw/) 2020 (columnist at *Foreign Policy* and a fellow at the American Enterprise Institute) 19 May 2020 "Don’t Let China Steal Your Steel Industry" (accessed 30 Mar 2023) https://foreignpolicy.com/2020/05/19/dont-let-china-steal-your-steel-industry/

In the past two decades China has conquered the stainless-steel market. Though stainless steel may seem unsexy, it’s vital to virtually every other sector, and production is [growing faster](https://www.worldstainless.org/Files/issf/non-image-files/PDF/ISSF_Stainless_Steel_in_Figures_2019_English_public_version.pdf) than that of other metals such as lead, copper, and aluminum. Weaponry, pipelines, ships, and washing machines all contain stainless steel.

Link: China uses artificial, anti free market means to subsidize their steel exports and defeat competition

[**Elisabeth Braw**](https://foreignpolicy.com/author/elisabeth-braw/) 2020 (columnist at *Foreign Policy* and a fellow at the American Enterprise Institute) 19 May 2020 "Don’t Let China Steal Your Steel Industry" (accessed 30 Mar 2023) https://foreignpolicy.com/2020/05/19/dont-let-china-steal-your-steel-industry/

Not surprisingly, U.S. firms have long been concerned about the way Beijing financially supports Chinese steel companies. In a 2016 [report](https://www.steel.org/~/media/Files/AISI/Reports/Steel-Industry-Coaliton-Full-Final-Report-06302016), a group of U.S. steel industry associations wrote that Chinese firms receive “loans [that] are granted based on alignment with central or provincial governments’ policy directives, rather than creditworthiness or other market-based factors.”

Link: Steel tariffs on China are justified by the national security risk

[**Elisabeth Braw**](https://foreignpolicy.com/author/elisabeth-braw/) 2020 (columnist at *Foreign Policy* and a fellow at the American Enterprise Institute) 19 May 2020 "Don’t Let China Steal Your Steel Industry" (accessed 30 Mar 2023) https://foreignpolicy.com/2020/05/19/dont-let-china-steal-your-steel-industry/

Until recently, steel and stainless steel may have seemed unworthy of concern. Indeed, President Donald Trump’s efforts to protect the U.S. steel industry were met with plenty of ridicule because the measures – supposedly taken to enhance U.S. national security—also penalized companies based in European countries, Washington’s closest national security allies. The U.S. president’s punishment of European steelmakers through [Section 232](https://www.commerce.gov/news/press-releases/2018/03/us-department-commerce-announces-steel-and-aluminum-tariff-exclusion) of the Trade Expansion Act two years ago was undoubtedly ridiculous, but he was right in treating steel as a strategic good; the coronavirus pandemic has shown that Western countries are dangerously dependent on components from China.

Brink: US steel firms are in massive trouble due to China's behavior. That's why we need the tariffs

[**Elisabeth Braw**](https://foreignpolicy.com/author/elisabeth-braw/) 2020 (columnist at *Foreign Policy* and a fellow at the American Enterprise Institute) 19 May 2020 "Don’t Let China Steal Your Steel Industry" (accessed 30 Mar 2023) https://foreignpolicy.com/2020/05/19/dont-let-china-steal-your-steel-industry/

Without access to the world’s largest source of nickel, and facing crushing anti-dumping duties in China, European and American stainless-steel firms are in massive trouble. U.S. firms are somewhat better off than European ones thanks to [Section 232](https://www.commerce.gov/news/press-releases/2018/03/us-department-commerce-announces-steel-and-aluminum-tariff-exclusion), which allows the imposition of tariffs on foreign-produced steel and aluminum.

Link: When China controls the inputs to our defense industrial base, it weakens our security and harms global influence of Western democracies

[**Elisabeth Braw**](https://foreignpolicy.com/author/elisabeth-braw/) 2020 (columnist at *Foreign Policy* and a fellow at the American Enterprise Institute) 19 May 2020 "Don’t Let China Steal Your Steel Industry" (accessed 30 Mar 2023) https://foreignpolicy.com/2020/05/19/dont-let-china-steal-your-steel-industry/

Ever-growing Chinese dominance of the stainless-steel market risks making U.S. and European defense contractors dependent on Chinese producers. Imagine the predicament of a arms manufacturer or shipbuilder based in a Western country that has, for example, criticized Beijing’s handling of the coronavirus crisis or its Uighur internment camps. And you don’t need to imagine the resulting plight of Western governments.
**END QUOTE. LATER SHE GOES ON TO WRITE QUOTE:**
But the fundamental issue isn’t stainless steel or any other sector: It’s the ability of liberal democracies to act independently. If the global fight for coronavirus medical supplies has taught Western governments anything, it’s that dependence on Chinese components is a risky proposition.

Link: Tariffs are effective at moving steel imports away from China

Sandler, Travis & Rosenberg 2023 (international trade law firm) 17 Mar 2023 "Importers Have Borne Nearly All Costs of Section 301 and 232 Tariffs, ITC Finds" (accessed 30 Mar 2023) https://www.strtrade.com/trade-news-resources/str-trade-report/trade-report/march/importers-have-borne-nearly-all-costs-of-section-301-and-232-tariffs-itc-finds

U.S. importers have borne nearly the full cost of the Section 232 tariffs on imports of steel and aluminum goods and the Section 301 tariffs imports from China, according to [a new report](https://www.usitc.gov/press_room/news_release/2023/er0315_63679.htm) from the International Trade Commission.
**END QUOTE. THEY GO ON LATER IN THE CONTEXT WRITING QUOTE**:
The ITC also estimates that for every one percent increase in these tariffs, imports from China of affected products have decreased by about two percent in value. The quantity and the magnitude of this response has slowly increased over time, the ITC notes, likely because U.S. importers have adjusted and found new sources.

Link: US and China are in a struggle for international dominance. China threatens US hegemony

Ashley Tellis 2020 (Tata Chair for Strategic Affairs and a senior fellow at the Carnegie Endowment for International Peace. He is also a counselor at the National Bureau of Asian Research and the research director of the Strategic Asia Program) 4 May 2020 "COVID-19 Knocks on American Hegemony" (accessed 3 June 2021) https://carnegieendowment.org/2020/05/04/covid-19-knocks-on-american-hegemony-pub-81719

After almost two decades of conflicted hesitancy, the United States finally acknowledged that it is involved in a long-term strategic competition with China. This rivalry, almost by definition, is not merely a wrangle between two major states. Rather, it involves a struggle for dominance in the international system, even if China as the rising power disavows any such ambition. China’s very ascendancy—if sustained—could over time threaten the U.S. hegemony that has been in place since the end of World War II. It is this reality of unequal growth—which has nourished China’s expanding influence and military capabilities—that lies at the root of the evolving rivalry.

Impact: World peace & prosperity at risk without US influence. US hegemony is key to global peace & prosperity

Capt. M. V. Prato 2009 (United States Marine Corps,Command and Staff College, Marine Corps Combat Development Command,Marine Corps University) “The Need for American Hegemony” <https://apps.dtic.mil/sti/citations/ADA508040> (accessed 3 June 2021)

The world witnessed a vast shift in the polarity of geopolitics after the Cold War. The United States became the world’s greatest hegemon with an unequalled ability to globally project cultural, political, economic, and military power in a manner not seen since the days of the Roman Empire. **[END QUOTE]** Coined the “unipolar moment” by syndicated columnist Charles Krauthammer, the disparity of power between the U.S. and all other nations allows the U.S. to influence the world for the mutual benefit of all responsible states. Unfortunately, the United States is increasingly forced to act unilaterally as a result of both foreign and domestic resentment to U.S. dominance and the rise of liberal internationalism. [**He goes on to conclude later in the same context QUOTE**:] The United States must exercise benevolent global hegemony, unilaterally if necessary, to ensure its security and maintain global peace and prosperity.